

Filing at a Glance

Company: Arch Insurance Company

Product Name: ESIP Commercial Auto Loss SERFF Tr Num: REGU-125260358 State: Arkansas

Cost Multipliers Revision

TOI: 20.0 Commercial Auto

SERFF Status: Closed

State Tr Num: AR-PC-07-025781

Sub-TOI: 20.0001 Business Auto

Co Tr Num: ARCH-07-150

State Status:

Filing Type: Form

Co Status:

Reviewer(s): Betty Montesi,
Llyweyia Rawlins, Brittany Yielding

Author: Joanne Sullivan

Disposition Date: 08-14-2007

Date Submitted: 08-13-2007

Disposition Status: Exempt from
Review

Effective Date Requested (New): 09-01-2007

Effective Date (New): 09-01-2007

Effective Date Requested (Renewal): 09-01-2007

Effective Date (Renewal): 09-01-
2007

General Information

Project Name:

Status of Filing in Domicile: Authorized

Project Number: ARCH-07-150

Domicile Status Comments:

Reference Organization: ISO

Reference Number:

Reference Title:

Advisory Org. Circular:

Filing Status Changed: 08-14-2007

State Status Changed: 08-14-2007

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

Arch Insurance Company (AIC), a subscriber of Insurance Services Office (ISO), is revising its current Commercial Automobile Loss Cost Multipliers (LCMs) for its Emergency Services Insurance Program (ESIP). ESIP was designed to service the insurance needs of Fire Departments, Volunteer Ambulance Corps, and similar risks. ESIPs LCMs will change as follows:

Coverage	Current LCM	Proposed LCM	LCM % Change
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Liability	1.431	1.610	12.5%
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Physical Damage	1.567	1.710	9.1%
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The rates will be the combination of ISOs loss costs and the loss cost multipliers shown on the attached Summary Information Forms.

In 2003, Arch filed revisions to its LCMs for their business in general, but retained its old LCMs for ESIP. The purpose of

this filing is to again make the ESIP LCMs the same as Arch LCMs in general.

No changes were necessary to our manual exception pages, which, for the LCMs refer to the otherwise applicable Division One Commercial Auto Rules.

Company and Contact

Filing Contact Information

Joanne Sullivan,
50 Broad Street
New York, NY 10004
joannesullivan@ircllc.com
(212) 571-3989 [Phone]
() -[FAX]

Filing Company Information

Arch Insurance Company	CoCode: 11150	State of Domicile: Missouri
One Liberty Plaza	Group Code: 1279	Company Type: P&C
53rd Floor		
New York, NY 10006	Group Name: Arch Capital	State ID Number:
(212) 651-9863 ext. [Phone]	FEIN Number: 43-0990710	

Filing Fees

Fee Required?	Yes
Fee Amount:	\$100.00
Retaliatory?	No
Fee Explanation:	AR fee is \$100.00 rate/rule
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Arch Insurance Company	\$100.00	08-13-2007	15080426

State Specific

Check_No: EFT
Check_Amt: \$100.00
Check_Rec: EFT

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Exempt from Review	Llyweyia Rawlins	08-14-2007	08-14-2007

Disposition

Disposition Date: 08-14-2007

Effective Date (New): 09-01-2007

Effective Date (Renewal): 09-01-2007

Status: Exempt from Review

Comment: Per Arkansas Code 23-67-206: Property and casualty insurance for commercial risk, excluding workers compensation, employers liability, and professional liability insurance are exempted from rate and rule filing and review.

(see actual code site for details)

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Arch Insurance Company	11.700%	\$8,317	9	\$66,544	11.700%	11.700%	0.000%

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Accepted for	Yes
		Informational Purposes	
Supporting Document	Reference Filing Adoption Form	Accepted for	Yes
		Informational Purposes	
Supporting Document	Filing Memo	Accepted for	Yes
		Informational Purposes	
Supporting Document	Authorization Letter	Accepted for	Yes
		Informational Purposes	

Rate Information

Rate data applies to filing.

Filing Method:

Rate Change Type:

Overall Percentage of Last Rate Revision:

0.000%

Effective Date of Last Rate Revision:

Filing Method of Last Filing:

Company Rate Information

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Arch Insurance Company	11.700%	\$8,317	9	\$66,544	11.700%	11.700%	0.000%

Supporting Document Schedules

Satisfied -Name:	Uniform Transmittal Document-Property & Casualty	Review Status:	Accepted for Informational Purposes	08-14-2007
Comments:				
Attachment:	AR NAIC Transmittal.pdf			
Satisfied -Name:	Reference Filing Adoption Form	Review Status:	Accepted for Informational Purposes	08-14-2007
Comments:				
Attachment:	AR Reference Filing Adoption Form.pdf			
Satisfied -Name:	Filing Memo	Review Status:	Accepted for Informational Purposes	08-14-2007
Comments:				
Attachment:	Filing Memo Auto.pdf			
Satisfied -Name:	Authorization Letter	Review Status:	Accepted for Informational Purposes	08-14-2007
Comments:				
Attachment:	Authorization Letter.pdf			

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		


3.	Group Name	Group NAIC #
	Arch Capital Group	1279

[illegible]

5. Company Tracking Number	ARCH-07-150
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Joanne Sullivan, IRC 50 Broad St, Suite 501 New York, NY 10004	Analyst	(212) 571-3989		joannesullivan@irccllc.com

7.	Signature of authorized filer	
8.	Please print name of authorized filer	Joanne Sullivan

Filing information (see General Instructions for descriptions of these fields)

9.	Type of Insurance (TOI)	19.3, 19.4, 21.2
10.	Sub-Type of Insurance (Sub-TOI)	N/A
11.	State Specific Product code(s) (if applicable)[See State Specific Requirements]	N/A
12.	Company Program Title (Marketing title)	Emergency Services Insurance Program (ESIP)
13.	Filing Type	<input checked="" type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14.	Effective Date(s) Requested	New: 9/1/2007 Renewal:
15.	Reference Filing?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
16.	Reference Organization (if applicable)	Insurance Services Office, Inc. (ISO)
17.	Reference Organization # & Title	CA-2006-BRLA1
18.	Company's Date of Filing	8/13/2007
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input checked="" type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

Property & Casualty Transmittal Document—

20. This filing transmittal is part of Company Tracking #	ARCH-07-150
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21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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Arch Insurance Company (AIC), a subscriber of Insurance Services Office (ISO), is revising its current Commercial Automobile Loss Cost Multipliers (LCM's) for its Emergency Services Insurance Program (ESIP). ESIP was designed to service the insurance needs of Fire Departments, Volunteer Ambulance Corps, and similar risks. ESIP's LCM's will change as follows:

Coverage	Current LCM	Proposed LCM	LCM % Change
Liability	1.431	1.610	12.5%
Physical Damage	1.567	1.710	9.1%

The rates will be the combination of ISO's loss costs and the loss cost multipliers shown on the attached Summary Information Forms.

In 2003, Arch filed revisions to its LCM's for their business in general, but retained its old LCM's for ESIP. The purpose of this filing is to again make the ESIP LCM's the same as Arch LCM's in general.

No changes were necessary to our manual exception pages, which, for the LCM's refer to the otherwise applicable Division One – Commercial Auto Rules.

22. Filing Fees (Filer must provide check # and fee amount if applicable)	[If a state requires you to show how you calculated your filing fees, place that calculation below]
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Check #: EFT
Amount: \$100.00

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #					ARCH-07-150		
2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)							
<input type="checkbox"/> Rate Increase <input type="checkbox"/> Rate Decrease <input type="checkbox"/> Rate Neutral (0%)								
3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)							
4a.	Rate Change by Company (As Proposed)							
	Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
	Arch Insurance Company	N/A	11.7	\$ 8,317.00	9	\$ 66,544.00		
4b.	Rate Change by Company (As Accepted) For State Use Only							
	Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Overall Rate Information (Complete for Multiple Company Filings only)								
						COMPANY USE	STATE USE	
5a.	Overall percentage rate indication (when applicable)							
5b.	Overall percentage rate impact for this filing							
5c.	Effect of Rate Filing – Written premium change for this program							
5d.	Effect of Rate Filing – Number of policyholders affected							
6.	Overall percentage of last rate revision							
7.	Effective Date of last rate revision							
8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)							
9.	Rule # or Page # Submitted for Review			Replacement or Withdrawn?		Previous state filing number, if required by state		
01				<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn				
02				<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn				
03				<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn				

**INSURER RATE FILING
ADOPTION OF ADVISORY ORGANIZATION
PROSPECTIVE LOSS COSTS REFERENCE
FILING ADOPTION FORM**

Page 1 of 3

1. Insurer Name Arch Insurance Company
Address One Liberty Plaza
New York, NY 10006

Person Responsible for Filing Joanne Sullivan, Insurance Regulatory Consultants

Title Analyst Telephone No. (212) 571-3989

2. Insurer NAIC No. 11150 Group No. 1279

3. Line of Insurance ESIP Commercial Auto

4. Advisory Organization Insurance Services Office, Inc.,

5. Advisory Organization Reference Filing No. CA-2006-BRLA1

6. The above insurer hereby declares that it is a member, subscriber or service purchaser of the named advisory organization for this line of insurance. The insurer hereby files (to be deemed to have independently submitted as its own filing) the prospective loss costs in the captioned Reference Filing. The insurer's rates will be the combination of the prospective loss costs and the loss cost multipliers and, if utilized, the expense constants specified in the attachments.

7. Proposed Rate Level Change 11.7 % Effective Date 9/1/07

8. Prior Rate Level Change N/A % Effective Date N/A

9. Attach "Summary of Supporting Information Form"
(Use a separate Summary for each insurer-selected loss cost multiplier.)

10. Check one of the following:

(☒) The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable to future revisions of the advisory organization's prospective loss costs for this line of insurance. The insurer's rates will be the combination of the advisory organization's prospective loss costs and the insurer's loss cost multipliers and, if utilized, expense constants specified in the attachments. The rates will apply to policies written on or after the effective date of the advisory organization's prospective loss costs. This authorization is effective until disapproved by the Commissioner, or until amended or withdrawn by the insurer.

(☐) The insurer hereby files to have its loss cost multipliers and, if utilized, expense constants be applicable only to the above Advisory Organization Reference Filing.

Page 2 of 3

Insurer Name: Arch Insurance Company
 NAIC No.: 11150

Date: 8/13/07
 Group No. 1279

**INSURER RATE FILING
 ADOPTION OF ADVISORY ORGANIZATION PROSPECTIVE LOSS COSTS
 SUMMARY OF SUPPORTING INFORMATION FORM
 CALCULATION OF COMPANY LOSS COST MULTIPLIER**

1. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies:

ESIP Commercial Auto - Liability

2. Loss Cost Modification:

- A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:

(Check One)

(☒) Without modification (factor = 1.000)

(☐) With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.)

- B. Loss Cost Modification Expressed as a Factor: (See Example Below.)

1.000

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED, ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 3-7 BELOW.

3. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

	Selected Provisions
A. Total Production Expense	<u>20.6%</u>
B. General Expense	<u>6.6%</u>
C. Taxes, Licenses & Fees	<u>2.8%</u>
D. Underwriting Profit & Contingencies*	<u>10.0%</u>
E. Other (explain) (Investment Income)	<u>-2.0%</u>
F. TOTAL	<u>38.0%</u>

* Explain how investment income is taken into account.

*** Investment Income is displayed and included in the Total, see E. Other.**

- | | |
|---|--------------|
| 4. A. Expected Loss Ratio: $ELR = 100\% - 3F=A$. | <u>62.0%</u> |
| B. ELR in decimal form = | <u>0.620</u> |

- | | |
|---|--------------|
| 5. Company Formula Loss Cost Multiplier: (2B divided by 4B) = | <u>1.610</u> |
|---|--------------|

- | | |
|--|--------------|
| 6. Company Selected Loss Cost Multiplier = | <u>1.610</u> |
| Explain any differences between 5 and 6: | |

- | | |
|--|--------------|
| 7. Rate level change for the coverages to which this page applies: | <u>12.5%</u> |
|--|--------------|

Example 1: Loss Cost modification factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used

Example 2: Loss Cost modification factor: If your company's loss cost modification is +15%, a factor of 1.15 (1.000 + .150) should be used

Page 2 of 3

Insurer Name: Arch Insurance Company
 NAIC No.: 11150

Date: 8/13/07
 Group No. 1279

**INSURER RATE FILING
 ADOPTION OF ADVISORY ORGANIZATION PROSPECTIVE LOSS COSTS
 SUMMARY OF SUPPORTING INFORMATION FORM
 CALCULATION OF COMPANY LOSS COST MULTIPLIER**

1. Line, Subline, Coverage, Territory, Class, etc. combination to which this page applies:
ESIP Commercial Auto - Physical Damage
2. Loss Cost Modification:
- A. The insurer hereby files to adopt the prospective loss costs in the captioned reference filing:
 (Check One)
 (☒) Without modification (factor = 1.000)
 () With the following modification(s). (Cite the nature and percent modification, and attach supporting data and/or rationale for the modification.)

B. Loss Cost Modification Expressed as a Factor: (See Example Below.) 1.000

NOTE: IF EXPENSE CONSTANTS ARE UTILIZED, ATTACH "EXPENSE CONSTANT SUPPLEMENT" OR OTHER SUPPORTING INFORMATION. DO NOT COMPLETE ITEMS 3-7 BELOW.

3. Development of Expected Loss Ratio. (Attach exhibit detailing insurer expense data and/or other supporting information.)

	Selected Provisions
A. Total Production Expense	<u>22.0%</u>
B. General Expense	<u>6.6%</u>
C. Taxes, Licenses & Fees	<u>3.3%</u>
D. Underwriting Profit & Contingencies*	<u>10.0%</u>
E. Other (explain) (Investment Income)	<u>-0.4%</u>
F. TOTAL	<u>41.5%</u>

* Explain how investment income is taken into account.

*** Investment Income is displayed and included in the Total, see E. Other.**

4. A. Expected Loss Ratio: $ELR = 100\% - 3F=A$. 58.5%
 B. ELR in decimal form = 0.585

5. Company Formula Loss Cost Multiplier: (2B divided by 4B) = 1.710

6. Company Selected Loss Cost Multiplier = 1.710
 Explain any differences between 5 and 6:

7. Rate level change for the coverages to which this page applies: 9.1%

Example 1: Loss Cost modification factor: If your company's loss cost modification is -10%, a factor of .90 (1.000 - .100) should be used

Example 2: Loss Cost modification factor: If your company's loss cost modification is +15%, a factor of 1.15 (1.000 + .150) should be used

**ARCH INSURANCE COMPANY
COMMERCIAL AUTOMOBILE**

FILING MEMORANDUM

Arch Insurance Company is filing to revise its Commercial Automobile loss cost multipliers (LCM's) for its Emergency Services Insurance Program (ESIP). ESIP was designed to service the insurance needs of Fire Departments, Volunteer Ambulance Corps, and similar risks. These LCM's will be applied to ISO's loss costs to determine final rates.

In 2003, Arch filed revisions to its LCM's for its business in general, but retained its old LCM'S for ESIP. The purpose of this filing is to again make the ESIP LCM'S the same as Arch LCM'S in general.

While Arch has some historical expense experience countrywide, Arch relied primarily on industry statistics and used the following information in determining the LCM'S.

- Production Expenses (Commission and Other Acquisition) - Insurance Services Office (ISO) Expense and Tax Circular data for agency writers.
- General Expense - Insurance Services Office (ISO) Expense and Tax Circular data for agency writers.
- Taxes, Licenses and Fees – state tax information from ISO Tax Circular

ARCH INSURANCE COMPANY

LETTER OF FILING AUTHORIZATION

This will certify that Insurance Regulatory Consultants, LLC (IRC) has been given full authorization to submit the captioned filing below on behalf of Arch Insurance Company. This authorization extends to all correspondence regarding this filing.

Carol Kennedy

Name

August, 2007

Date

Vice President

Title

Arch Insurance Company

Company



Signature

(212) 651-9863

Telephone Number

**Re: Arch Insurance Company FEIN # 43-0990710
NAIC Number: 1279-11150
Commercial Automobile
Emergency Services Insurance Program
Revision of Loss Cost Multipliers**